

10089 NP

**MENTAL HEALTH AMERICA
OF LOUISIANA
BATON ROUGE, LOUISIANA
FINANCIAL STATEMENTS AND
ACCOMPANYING INFORMATION
YEAR ENDED DECEMBER 31, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 14 2011



Apple Guerin Company
CERTIFIED PUBLIC ACCOUNTANTS L L C

RECEIVED
LEGISLATIVE AUDITOR
2011 JUL 15 PM 1:35

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	Exhibit A 2
Statement of Activities	Exhibit B 3
Statement of Cash Flows	Exhibit C 4
Notes to Financial Statements	5 - 6
Supplementary Information	
Schedule of Functional Expenses	Schedule 1 7
Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	8
Schedule of Findings and Questioned Costs	9



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mental Health America of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of Mental Health America of Louisiana (the Organization), as of December 31, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of the Organization. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accompanying financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mental Health America of Louisiana as of December 31, 2010 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2011 on our consideration of Mental Health America of Louisiana's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

July 6, 2011

**MENTAL HEALTH AMERICA
 OF LOUISIANA
 BATON ROUGE, LOUISIANA
 STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2010**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 63,939
Contracts receivable	<u>7,806</u>
Total Current Assets	71,745

FURNITURE AND EQUIPMENT - net of accumulated depreciation of \$52,083

-0-

Total Assets	<u>\$ 71,745</u>
--------------	------------------

LIABILITIES AND NET ASSETS (DEFICIT)

CURRENT LIABILITIES

Accounts payable	\$ 13,473
Payroll taxes payable	<u>4,569</u>
Total Current Liabilities	<u>18,042</u>

NONCURRENT LIABILITIES

Deferred compensation	6,157
Payroll taxes payable	<u>97,436</u>
Total Noncurrent Liabilities	<u>103,593</u>

Total Liabilities	121,635
-------------------	---------

NET ASSETS (DEFICIT)

Unrestricted net assets (deficit) - Exhibit B	<u>(49,890)</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 71,745</u>

The accompanying notes are an integral part of these financial statements.

**MENTAL HEALTH AMERICA
 OF LOUISIANA
 BATON ROUGE, LOUISIANA
 STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2010**

UNRESTRICTED NET ASSETS

Unrestricted Revenues

Contributions	\$ 20,455
Federal grants	310,019
State grants	119,763
Private grants	56,638
Program revenues, net of expenses	<u>4,790</u>

Total Unrestricted Revenue	<u>511,665</u>
----------------------------	----------------

EXPENSES - Schedule 1

Program services	380,205
Supporting services	<u>111,533</u>

Total Expenses	<u>491,738</u>
----------------	----------------

OTHER REVENUES

Royalty income	<u>873</u>
----------------	------------

INCREASE IN UNRESTRICTED NET ASSETS	20,800
-------------------------------------	--------

NET ASSETS (DEFICIT) AT BEGINNING OF YEAR

Unrestricted	<u>(70,690)</u>
--------------	-----------------

NET ASSETS (DEFICIT) AT END OF YEAR

Unrestricted	<u><u>\$ (49,890)</u></u>
--------------	---------------------------

The accompanying notes are an integral part of these financial statements.

MENTAL HEALTH AMERICA
OF LOUISIANA
BATON ROUGE, LOUISIANA
STATEMENT OF CASH FLOWS
(INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS)
YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 20,800
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	611
Decrease in operating assets	
Contracts receivable	46,846
(Decrease) in operating liabilities	
Accounts payable	(11,669)
Payroll taxes payable	(3,911)
	<hr/>
Net Cash Provided by Operating Activities	52,677

CASH FLOWS FROM INVESTING ACTIVITIES:

-0-

CASH FLOWS FROM FINANCING ACTIVITIES:

-0-

NET INCREASE IN CASH AND CASH EQUIVALENTS

52,677

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

11,262

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 63,939

The accompanying notes are an integral part of these financial statements.

**MENTAL HEALTH AMERICA
OF LOUISIANA
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

1. Summary of Significant Accounting Policies

Mental Health America of Louisiana is the state affiliate of a national nonprofit organization addressing all aspects of mental health and mental issues. The Organization works to improve the mental health of citizens with mental disorders through advocacy, education, research and service. The Organization is dedicated to providing Louisiana with community awareness campaigns, consumer protection services, and the strong advocacy required for meaningful mental health reform. The Organization's support comes primarily from government grants.

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

a. Revenues

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

b. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c. Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the Statement of Cash Flows exclude permanently restricted cash and cash equivalents.

The Organization maintains cash balances at one bank which may periodically exceed federally insured limits.

d. Furniture and Equipment

Furniture and equipment are capitalized at cost. These assets are being depreciated over estimated useful lives of five to ten years using a straight-line method.

Additions, renewals, and betterments that add materially to productive capacity or extend the life of an asset are capitalized. Expenditures for maintenance and repairs which do not extend the life of the applicable asset are charged to expense as incurred. Upon retirement or disposal of an asset, the asset and accumulated depreciation accounts are adjusted accordingly. Any resulting gain or loss is included in income.

e. Contracts Receivable

The Organization uses the allowance method for determining bad debt expense based on management's evaluation of outstanding receivables.

MENTAL HEALTH AMERICA
OF LOUISIANA
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

2. Investments

Royalty interests were donated to the Organization in 1988. The fair value has not been determined or recorded in the Statement of Financial Position. Investment income from royalties totaled \$873 for the year ended December 31, 2010.

3. Furniture and Equipment

A summary of furniture and equipment at December 31, 2010 is as follows:

Furniture and equipment	\$ 52,083
Less: Accumulated depreciation	<u>(52,083)</u>
	<u>\$ -0-</u>

Depreciation expense for the year ended December 31, 2010 was \$611.

4. Deferred Compensation

An employee who retired in 1984 was offered future compensation of \$205 per month to assist in her retirement. The future benefit remaining is \$6,157 as of December 31, 2010. The Organization paid \$-0- during 2010 due to lack of funds. The payments will resume when funds are available.

5. Operating Lease Commitment

The Organization has an operating lease commitment for its office facility. The lease is dated April, 2010 for twelve months. The lease expires April, 2011. Rent paid for the year ended December 31, 2010 was \$4,500. Future minimum lease payments due under this lease subsequent to December 31, 2010 are as follows:

2011	\$ <u>1,500</u>
------	-----------------

The Organization had an operating lease commitment on its old office facility which expired in April, 2010. Rent paid for the year ended December 31, 2010 was \$5,942 under that expired lease.

6. Payroll Taxes

The Organization has an outstanding payroll tax liability from 2002 and 2003. This liability is the result of fraudulent activity of a prior employee. The IRS is not actively seeking collection of this amount; however, penalties and interest are still being accrued. The Organization is currently undergoing proceedings to abate the balance. It is too soon to foresee an outcome on these proceedings.

7. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SUPPLEMENTARY INFORMATION

MENTAL HEALTH AMERICA
OF LOUISIANA
BATON ROUGE, LOUISIANA
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2010
 (See Auditors' Report)

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Advertising	\$ 78,737	\$ -0-	\$ 78,737
Bank charges	-0-	8	8
Bad debts	-0-	4,500	4,500
Compensation and related expenses			
Compensation	112,876	63,492	176,368
Payroll taxes	10,951	5,475	16,426
Contract labor	98,882	-0-	98,882
Computer	-0-	6,640	6,640
Conferences and training	16,307	8,153	24,460
Consultant	-0-	234	234
Depreciation	-0-	611	611
Dues and subscriptions	-0-	1,550	1,550
Equipment rental	5,798	-0-	5,798
Fees	-0-	472	472
Insurance	2,262	-0-	2,262
Interest	-0-	1,203	1,203
Internet	-0-	304	304
Legal and professional	9,085	131	9,216
Miscellaneous	-0-	6,314	6,314
Penalties	-0-	3,723	3,723
Postage	600	-0-	600
Printing	1,737	-0-	1,737
Rent	10,442	-0-	10,442
Supplies	6,362	-0-	6,362
Telephone	8,573	2,858	11,431
Travel	17,593	5,865	23,458
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ <u>380,205</u>	\$ <u>111,533</u>	\$ <u>491,738</u>



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Mental Health America of Louisiana
Baton Rouge, Louisiana

We have audited the financial statements of Mental Health America of Louisiana (a nonprofit organization) as of and for the year ended December 31, 2010, and have issued our report thereon dated July 6, 2011. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mental Health America of Louisiana's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mental Health America of Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mental Health America of Louisiana's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mental Health America of Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of the tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs.

Mental Health America of Louisiana's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Mental Health America of Louisiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, grantors, others within the organization and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

July 6, 2011

MENTAL HEALTH AMERICA
OF LOUISIANA
BATON ROUGE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2010
(See Auditors' Report)

We have audited the financial statements of the Mental Health America of Louisiana as of December 31, 2010, and have issued our report thereon dated July 6, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2010 resulted in an unqualified opinion.

Report on compliance and internal control material to the financial statements:

Compliance:

1. Condition - Audited financial statements were completed past six months of entity's year end.

Cause - Information requested from the Organization was received late.

Criteria - Statements not filed in accordance with Louisiana R.S. 24:513.

Effect - Reports were not delivered timely.

Recommendation - Management should ensure the reports are filed timely.

Management's Plan - Management intends to file timely in the future.

Internal Control:

Material Weakness - None

Reportable - None

Prior Year Findings:

Compliance:

1. Condition - Audited financial statements were completed past six months of entity's year end.

Cause - Information requested from the Organization was received late.

Criteria - Statements not filed in accordance with Louisiana R.S. 24:513.

Effect - Reports were not delivered timely.

Recommendation - Management should ensure the reports are filed timely.

Management's Plan - Management intends to file timely next year.

Internal Control:

Material Weakness - None

Reportable - None